1401 H Street, N.W.
Suite 1020
Washington, D.C. 20005
Office 202/326-3815

Ameritech



**James K. Smith**
Director
Federal Relations

December 23, 1998



Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, DC 20554

Re: **Ex Parte Statement**
CC Docket 98-147

Dear Ms. Salas:

On Wednesday, December 23, 1998, Terry Appenzeller, Vice President – Open Market Strategy and I met with Carol Mattey, Chief, Policy and Program Planning Division, Michael Pryor, Deputy Chief, Policy and Program Planning Division, and Greg Cooke of the Network Services Division to discuss Ameritech's position in the above referenced proceeding as set forth in the attachment hereto.

Sincerely,

Attachment
cc: C. Mattey
M. Pryor
G. Cooke

AMERITECH LATA BOUNDARY PROPOSAL
SUPPLEMENTAL INFORMATION
DECEMBER 23, 1998

In connection with Ameritech's original proposal for the establishment of state-wide LATAs for an advanced data affiliate, Commission staff has sought additional information. The following is in response to staff inquiries. (Ameritech believes the Commission has the authority to establish a national LATA. If it were to do so, many of the issues discussed here would be rendered moot.)

INTERSTATE NAP ACCESS

Ameritech proposes that the advanced data affiliate be permitted to carry Internet-bound traffic to the nearest NAP, crossing state boundaries as needed. This is important because interstate transport to the NAP is a critical cost component in the provision of internet service to customers and it is not likely that new NAPs will be created in more states in the near future. The top five internet backbone providers control about 75% of long distance internet provider traffic. It is not in their best interest to create new NAPs which would lessen their control of backbone traffic. However, the FCC could mandate that existing providers create new NAPs in each state which would improve diversity and survivability parameters, reduce congestion at existing NAPs, and yield cost improvements for internet providers. If state NAPs are implemented, interstate NAP access is not needed. Customers would benefit through lower costs, maximum reliability, survivability and more service provider choices.

Direct access to the NAP would yield significant internet access cost structure savings. If Ameritech's proposal is not granted, the advanced data affiliate would be required to lease transport facilities from an unaffiliated IXC to carry traffic from an in-state aggregation point to the Chicago NAP (to cross state boundaries). If the proposal is granted, the affiliate could self-provision NAP access, determine economically efficient traffic aggregation points in the network (rather than artificial state boundary aggregation points) and design routes within their own network to ensure survivability and reliability. Ameritech estimates that it is almost 30 times more expensive to lease facilities from an unaffiliated IXC than to self-provision, assuming equal survivability requirement. Furthermore, interstate transport would represent 78% of the monthly cost of interstate internet access service without granting Ameritech's proposal, but only 11% if self-provisioning is permitted.

In addition, self provisioning of NAP access ensures both network survivability and efficiency in its implementation. The advanced data affiliate has two options. It must either self-provision interstate access to the NAP through a SONET architecture that has built-in survivability or it must lease duplicate sets of transport facilities from unaffiliated IXCs with different physical routes.

The 706 advanced data affiliate loses control of end-to-end transport routes and incurs unnecessary expenses associated with duplicative routes unless the Ameritech proposal is granted.

SPECIAL CASE LATAs

If a new state LATA boundary is established for the advanced data affiliate, there are some serving arrangement exceptions that should be granted to accommodate existing LATA boundaries in order to efficiently serve customer needs. There are existing LATAs that are within an ILEC's territory but cross state boundaries and are associated with either high density, corridor traffic (e.g., LATA 358 Chicago/Indiana) or low density or partially served by independent TELCOs (e.g., LATA 342, Upper Peninsula). There are also LATAs that cross ILEC region boundaries and state boundaries (e.g., LATA 922 Cincinnati). (The attached "State Cross-Reference Directory" from CCMI lists all LATAs that cross into other states.) Current serving arrangements should be preserved for both voice and data services in these special case LATAs. If new LATA boundaries are established conforming to state geographic boundaries for the advanced data affiliate, the affiliate should have the option of choosing which state would serve the overlapping area. For example, in LATA 358 Chicago-Indiana, the affiliate could chose to serve Northwest Indiana customers from either the Illinois data LATA or Indiana data LATA.

INTERSTATE/INTERLATA TRAFFIC --CIRCUIT SWITCHED AND DOCKET SWITCHED

Since 1993, Ameritech's existing data subsidiary has obtained only a 5% market share for packet switched service. Packet switched MOUs constitute less than 0.5 % of total circuit switched MOUs. InterLATA/Interstate circuit switched MOUs constitute 73% of interLATA circuit switched MOUs.

REACHING THE MASS MARKET

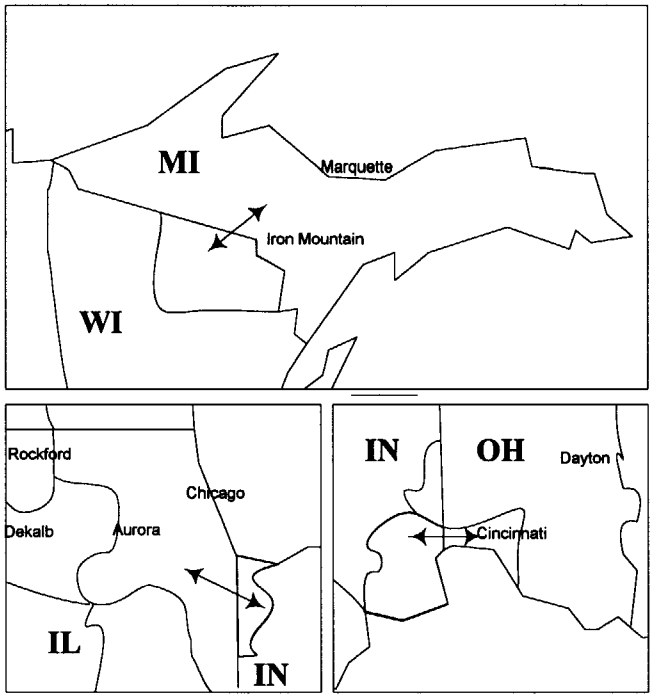
Ameritech's existing data affiliate, AADS, has been focused primarily on business customer's needs--Frame Relay, SMDS, and ADSL access for LANs. Market success has been limited,even for business customers, because of existing handicaps in meeting customer needs. The primary competitive disadvantage is inefficiency and higher cost structure. Unless the primary cause of this disadvantage is removed, the subsidiary approach may not be successful for business customers, let alone the mass market. Ameritech feels it can overcome the inherent inefficiency of a transitional affiliate if new LATAs are established for the advanced data affiliate. This would encourage investment over a larger base of customers, promote network aggregation and transport efficiency, and provide for centralized data switching for more customers.

The attached chart, from page 64 of Ameritech's Comments in Docket 98-147, graphically displays how removing the "LATA Penalty" would encourage investment for more data service customers and for customers located in rural or exurbia areas.

In order to fully participate in advanced data applications for the mass market, Ameritech believes the customer contacts and order processing capability of the ILEC must be coupled with the advanced data subsidiary. The Commission has already recognized this requirement in the case of long distance, via Section 272 requirements for the affiliated LD subsidiary. The advanced data affiliate should be granted the same joint marketing capability.

# Special Case LATAs

Examples within the Ameritech 5-State Region:



## STATE CROSS-REFERENCE DIRECTORY

ALABAMA
Atlanta,Ga.(438),Pensacola,Fl.(448),Nashville,Tn.(470),Chattanooga,Tn.(472),Birmingham,Al.(476),Huntsville,Al.(477),Montgomery,Al.(478),Mobile,Al.(480),Jackson,Ms.(482) and Dothan,Al.(955).

ALASKA
Alaska(832)

ARIZONA
Salt Lake City,Ut.(660),Phoenix,Az.(666),Tucson,Az.(668) and Los Angeles,Ca.(730).

ARKANSAS
Memphis,Tn.(468),Springfield,Mo.(522),Fort Smith,Ar.(526),Little Rock,Ar.(528),Pine Bluff,Ar.(530) and Longview,Tx.(554).

CALIFORNIA
Phoenix,Az.(666),Eugene,Or.(670),San Francisco,Ca.(722),Chico,Ca.(724),Sacramento,Ca.(726),Fresno,Ca.(728),Los Angeles,Ca.(730),San Diego,Ca.(732),Bakersfield,Ca.(734),Monterey,Ca.(736),Stockton,Ca.(738) and San Luis Obispo,Ca.(740).

COLORADO
Wichita,Ks.(532),Topeka,Ks.(534),Grand Island,Ne.(646),Wyoming(654),Denver,Co.(656),Colorado Springs,Co.(658) and Salt Lake City,Ut.(660).

CONNECTICUT
New York Metro,NY.(132) and Connecticut(920).

DELAWARE
Philadelphia,Pa.(228) and Salisbury,Md.(242).

FLORIDA
Savannah,Ga.(440),Pensacola,Fl.(448),Panama City,Fl.(450),Jacksonville,Fl.(452),Gainesville,Fl.(454),Daytona Beach,Fl.(456),Orlando,Fl.(458),Southeast,Fl.(460),Mobile,Al.(480),Gulf Coast,Fl.(952) and Tallahasse,Fl.(953),Ft. Myers,Fl.(957).

GEORGIA
Atlanta,Ga.(438),Savannah,Ga.(440),Augusta,Ga.(442),Albany,Ga.(444),Macon,Ga.(446),Chattanooga,Tn.(472) and Montgomery,Al.(478)

HAWAII
Hawaii(900).

IDAHO
Great Falls,Mt.(648),Idaho(652),Wyoming(654),Spokane,Wa.(676), and Coeur D'Alene,Id.(960).

## STATE CROSS-REFERENCE DIRECTORY (CONTD.)

ILLINOIS
Southwest,Wi.(354),Southeast,Wi.(356),Chicago,Il.(358),Rockford,Il.(360),Cairo,Il.(362),Sterling,Il.(364),Forrest,Il.(366),Peoria,Il.(368),Champaign,Il.(370),Springfield,Il.(374),Quincy,Il.(376),St. Louis,Mo.(520),Davenport,Ia.(634),Mattoon,Il.(976),Olney,Il.(978) and Indianapolis,In.(336),Galesburg,Il.(977).

INDIANA
Dayton,Oh.(328),Evansvile,In.(330),South Bend,In.(332),Auburn/Huntington,In.(334),Indianapolis,In.(336),Bloomington,In.(338),Chicago,Il.(358),Louisville,Ky.(462),Cincinnati,Oh.(922),Richmond,In.(937) and Terre Haute,In.(938).

IOWA
Kansas City,Mo.(524),Rochester,Mn.(620),Sioux City,Ia.(630),Des Moines,Ia.(632),Davenport,Ia.(634),Cedar Rapids,Ia.(635),South Dakota (640) and Lincoln,Ne.(958).

KANSAS
Springfield,Mo.(522),Kansas City,Mo.(524),Wichita,Ks.(532),Topeka,Ks.(534),Oklahoma City,Ok.(536),Tulsa,Ok.(538),Grand Island,Ne.(646) and Lincoln,Ne.(958).

KENTUCKY
Charleston,WV.(254),Louisville,Ky.(462),Owensboro,Ky.(464),Winchester,Ky.(466),Memphis,Tn.(468),Nashville,Tn.(470) and Cincinnati,Oh.(922).

LOUISIANA
Jackson,Ms.(482),Shreveport,La.(486),Lafayette,La.(488),New Orleans,La.(490),Baton Rouge,La.(492) and Pine Bluff,Ar.(530).

MAINE
Maine(120).

MARYLAND
Washington,DC.(236),Baltimore,Md.(238),Hagerstown,Md.(240), and Salisbury,Md.(242).

MASSACHUSETTS
Western Mass.(126) and Eastern Mass.(128).

MICHIGAN
Detroit,Mi.(340),Upper Peninsula,Mi.(342),Saginaw,Mi.(344),Lansing,Mi.(346),Grand Rapids,Mi.(348),Northwest,Wi.(350) and Toledo,Oh.(326).

MINNESOTA
Northwest,Wi.(352),Rochester,Mn.(620),Duluth,Mn.(624),St. Cloud,Mn.(626),Minneapolis,Mn.(628),Sioux City,Ia.(630),Des Moines,Ia.(632),Cedar Rapids,Ia.(635),Fargo,ND.(636) and South Dakota(640).

MISSISSIPPI
Memphis,Tn.(468),Mobile,Al.(480),Jackson,Ms.(482),Biloxi,Ms.(484) and New Orleans,La.(490).

## STATE CROSS-REFERENCE DIRECTORY (CONTD.)

MISSOURI
St. Louis,Mo.(520),Springfield,Mo.(522),Kansas City,Mo.(524),Fort Smith,Ar.(526),Wichita,Ks.(532),Des Moines,Ia.(632),Davenport,Ia.(634) and Omaha,Ne.(644),Westphalia,Mo.(521).

MONTANA
Great Falls,Mt.(648),Billings,Mt.(650) and Wyoming(654).

NEBRASKA
Topeka,Ks.(534),Sioux City,Ia.(630),South Dakota(640),Omaha,Ne.(644),Grand Island,Ne.(646),Wyoming(654),Denver,Co.(656) and Lincoln,Ne.(958).

NEVADA
Idaho(652),Salt Lake City,Ut.(660),Reno,Nv.(720) and Pahrump,Nv.(721).

NEW HAMPSHIRE
New Hampshire(122)

NEW JERSEY
Atlantic Coastal,NJ.(220),Delaware Valley,NJ.(222),North Jersey,NJ.(224) and Northeast,Pa.(232).

NEW MEXICO
El Paso,Tx.(540),New Mexico(664),Phoenix,Az.(666) and Tucson,Az.(668).

NEW YORK
New York Metro,NY.(132),Poughkeepsie,NY.(133),Albany,NY.(134),Syracuse,NY.(136),Binghamton,NY.(138),Buffalo,NY.(140) and Rochester,NY.(974).

NORTH CAROLINA
Lynchburg,Va.(250),Norfolk,Va.(252),Asheville,NC.(420),Charlotte,NC.(422),Greensboro,NC.(424),Raleigh,NC.(426),Wilmington,NC.(428),Greenville,SC.(430),(472),Knoxville,Tn.(474),Fayetteville,NC.(949) and Rocky Mount,NC.(951).

NORTH DAKOTA
Fargo,ND.(636),Bismarck,ND.(638),South Dakota(640) and Billings,Mt.(650).

OHIO
Charleston,WV.(254),Cleveland,Oh.(320),Youngstown,Oh.(322),Columbus,Oh.(324),Akron,Oh.(325),Toledo,Oh.(326),Dayton,Oh.(328),Auburn/Huntington,In.(334),Indianapolis,In.(336),Cincinnati,Oh.(922) and Detroit,Mi.(340),Mansfield,Oh.(923).

OKLAHOMA
Springfield,Mo.(522),Fort Smith,Ar.(526),Little Rock,Ar.(528),Wichita,Ks.(532),Oklahoma City,Ok.(536),Tulsa,Ok.(538) and Amarillo,Tx.(546).

## STATE CROSS-REFERENCE DIRECTORY (CONTD.)

OREGON
Idaho(652),Eugene,Or.(670),Portland,Or.(672),Spokane,Wa.(676) and Reno,Nv.(720).

PENNSYLVANIA
Puoghkeepsie,NY.(133),Binghamton,NY.(138),Buffalo,NY.(140),North Jersey,NJ.(224),Capital,Pa.(226),Philadelphia,Pa.(228),Altoona,Pa.(230),Northeast,Pa.(232),Pittsburgh,Pa.(234),Hagerstown,Md.(240),Clarksburg,WV.(256) and Erie,Pa.(924).

RHODE ISLAND
Rhode Island(130).

SOUTH CAROLINA
Charlotte,NC.(422),Wilmington,NC.(428),Greenville,SC.(430),Florence,SC.(432),Columbia,SC.(434),Charleston,SC.(436),Savannah,Ga.(440) and Augusta,Ga.(442).

SOUTH DAKOTA
Rochester,Mn.(620),St. Cloud,Mn.(626),Sioux City,Ia.(630),Fargo,ND.(636),Bismarck,ND.(638),South Dakota(640),Omaha,Ne.(644),Grand Island,Ne.(646) and Wyoming(654).

TENNESSEE
Owensboro,Ky.(464),Memphis,Tn.(468),Nashville,Tn.(470),Chattanooga,Tn.(472),Knoxville,Tn.(474),Jackson,Ms.(482),Little Rock,Ar.(528) and Bristol,Tn.(956).

TEXAS
Oklahoma City,Ok.(536),El Paso,Tx.(540),Midland,Tx.(542),Lubbock,Tx.(544),Amarillo,Tx.(546),Wichita Falls,Tx.(548),Abilene,Tx.(550),Dallas Tx.(552),Longview,Tx.(554),Waco,Tx.(556),Austin,Tx.(558),Houston,Tx.Tx.(560),Beaumont,Tx.(562),Corpus Christi,Tx.(564),San Antonio,Tx.(566),Brownsville,Tx.(568) and New Mexico(664).

UTAH
Idaho(652),Wyoming(654),Salt Lake City,Ut.(660) and Phoenix,Az.(666).

VERMONT
Vermont(124).

VIRGINIA
Washington,DC.(236),Roanoke,Va.(244),Culpeper,Va.(246),Richmond,Va.(248),Lynchburg,Va.(250),Norfolk,Va.(252),Charlottesville,Va.(928),Bristol,Tn.(956),Winchester,Ky.(466) and Charleston,WV.(254).

WASHINGTON
Portland,Or.(672),Seattle,Wa.(674),Spokane,Wa.(676) and Coeur D'Alene,Id.(960).

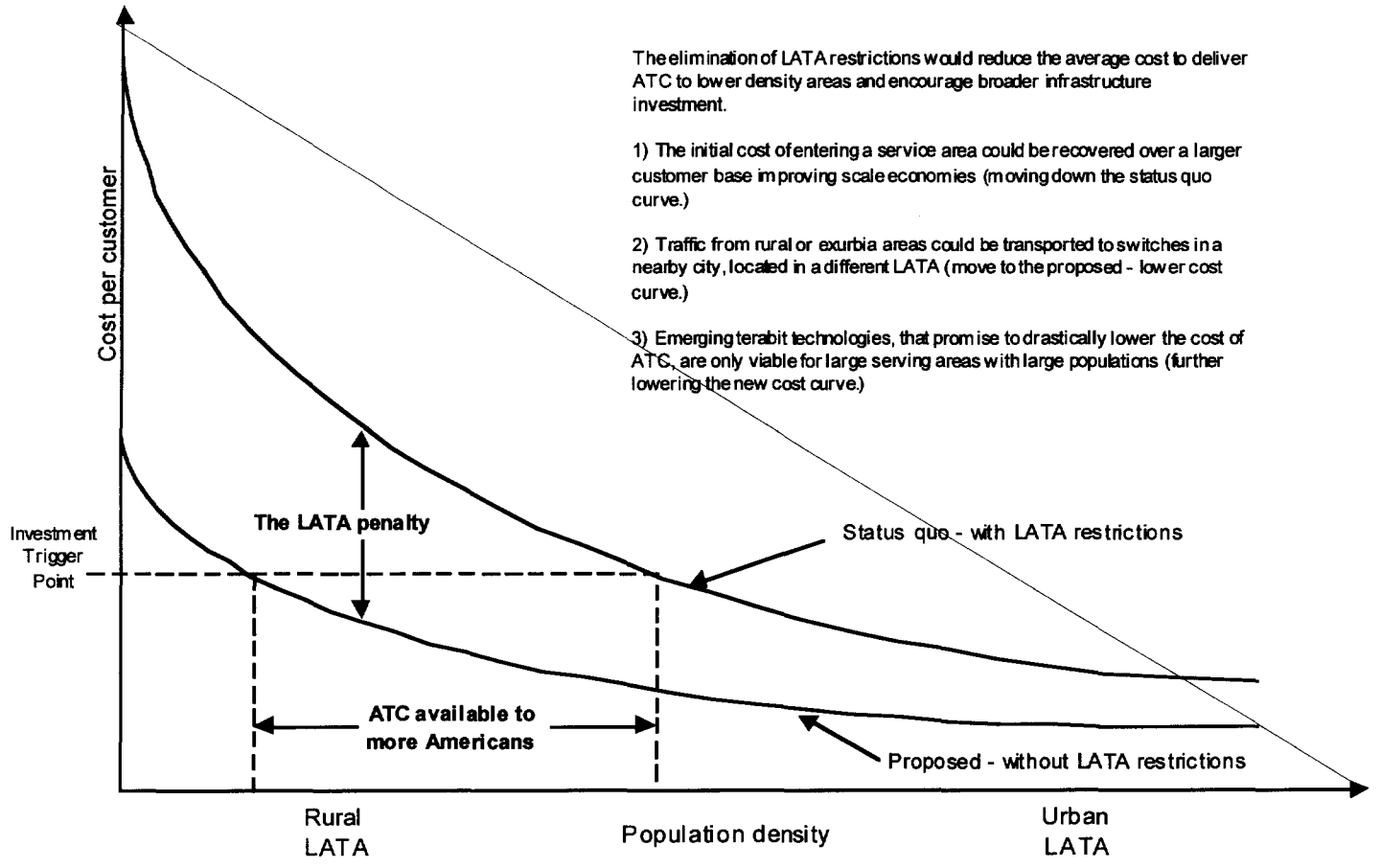
## STATE CROSS-REFERENCE DIRECTORY (CONTD.)

WEST VIRGINIA
Hagerstown,Md.(240),Charleston,WV.(254),Clarksburg,WV.(256),Youngstown,Oh.(322),Columbus,Oh.(324) and Bluefield,WV.(932).

WISCONSIN
Upper Peninsula,Mi.(342),Northeast,Wi.(350),Northwest,Wi.(352), Southwest,Wi.(354),Southeast,Wi.(356),Chicago,Il.(358),Rockford,Il.(360),Duluth,Mn.(624) and Davenport,Ia.(634).

WYOMING
South Dakota(640),Grand Island,Ne.(646),Billings,Mt.(650),Idaho(652) and Wyoming(654).

WASHINGTON,DC
Washington,DC.(236).




Comments of Ameritech, September 25, 1998, at 64